

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-29-G - ORDER NO. 2003-96 ✓
FEBRUARY 24, 2003

IN RE: Submission of Gas Redelivery Agreement by) ORDER
and Between Piedmont Natural Gas) APPROVING
Company, Inc. and Johns Manville Pursuant) CONTRACT
to Commission Rules 103-403 and 103-446.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Piedmont Natural Gas Company, Inc. (Piedmont or the Company) for approval of a December 27, 2002 Gas Redelivery Agreement by and between Piedmont and Johns-Manville (the Agreement). The Agreement is filed pursuant to 26 S.C. Code Ann. Regs. 103-403 and 103-446 (1976).

The Agreement arises out of and resolves a situation involving a dispute over the alleged unauthorized sale of gas by a Piedmont customer to Johns-Manville. The terms of the Agreement allow for a transition from the previous provision of service to Johns-Manville by a third-party to service provided by Piedmont. Piedmont states its belief that the Agreement is in the public interest and requests Commission approval.

We have examined the entire record of this case. We conclude that approval of the contract is in the public interest, and we do hereby approve the contract.

It appears that prior to December 1998, the sites now owned by Arteva Specialties S.a.r.l. d/b/a KoSa and by Johns-Manville were on a parcel owned by H.N.A. Holdings, Inc. (HNA or Hoeschst). HNA owned multiple plant facilities and operations in stand-

alone buildings on the site. Utilities were supplied by various connections and commingled apparatus throughout the large complex. In December 1998, KoSa purchased a portion of the Hoeschst parcel along with certain operational facilities including utility supply connections. The remaining portion of the parcel was purchased by Johns-Manville along with certain operational facilities including utility supply connections. At that time a physical barrier fence was installed between the two properties along the divided property line. The utility services were integrated in such a way as to make separation impractical and costly at the time, according to KoSa.

KoSa and HNA, and by subsequent assignment to Johns-Manville, entered into an agreement to allow the utilities to reach both parcels and prescribed an allocation method for reimbursement to KoSa by Johns-Manville for its utility usage. The reimbursement was at pro rata cost and was determined by submetering where possible. With regard to gas service, natural gas from Piedmont was supplied to Johns-Manville via a KoSa pipe line that runs from the KoSa facility across the KoSa parcel to the Johns-Manville facility.


In a letter dated March 15, 2002, the Commission's General Counsel questioned whether or not the KoSa-Johns-Manville arrangement for a gas supply to Johns-Manville resulted in KoSa acting as a public utility without having received the proper certificates from this Commission. Months of negotiations ensued, with the Commission Staff acting as a mediator in the process. Subsequently, the Agreement of December 27, 2002 resulted, which provided for direct gas service from Piedmont to Johns-Manville. In a memorandum to all Commissioners, Commission Gas Chief Brent Sires states that the

proposed Agreement removes the Staff's concerns as to the possibility of KoSa acting as a gas utility under these circumstances.

We approve the contract as being in the public interest. Clearly, the terms of the Agreement allow the direct provision of gas service by Piedmont to Johns-Manville, which will obviously alleviate any Staff concerns about KoSa acting as a gas utility under our laws.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn
Chairman

ATTEST:



Gary E. Walsh
Executive Director

(SEAL)